

Memorandum

To: Panel Members Date: April 24, 2003

From: Charles Rufo, Manager Analyst: J. Daunt
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **San Joaquin Training Institute**
www.sjti.net

CONTRACTOR:

- Multiple Employer: Training Agency
- Training Project Profile: Job Creation: Training of Unemployed Workers
Training in High Unemployment Areas of California
- Legislative Priorities: Displaced/Potentially Displaced Workers
Locating into or Expanding within California
- Type of Industry: Services
- Repeat Contractor: No
- Union Representation: No
- Name and Local Number of Union
representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$187,500
- Substantial Contribution: \$0
- Multiple Employer Support (8%) \$12,000
- Total ETP Funding: \$199,500
- In-Kind Contribution: \$224,156
- Maximum Contractor Charge: N/A per trainee
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Fresno, Kings, and Tulare
- Duration of Agreement: 24 months

SUBCONTRACTORS:

None

THIRD PARTY SERVICES:

None

PRIOR PROJECTS:

None

NARRATIVE:

This proposal was brought to the attention of the Panel through the marketing efforts of the California Trade, Technology, and Commerce Agency (TTCA).

San Joaquin Training Institute (SJTI) is eligible to contract with the Employment Training Panel under Title 22, California Code of Regulations (CCR), Sections 4400(z) and 4426(a)(6) as an eligible training agency. SJTI has received current approval from the Bureau of Private Postsecondary and Vocational Education (BPPVE) to offer non-degree training programs in several occupational skills, including Casino Gaming – Blackjack, Pai Gow, and Poker, as included in the accompanying Curriculum.

Founded in November 1999 in Visalia, San Joaquin Training Institute (SJTI) operates as a private training facility designed to meet the occupational training needs of the local community. SJTI has its primary training site in Visalia, three branches in Fresno and one in Bakersfield, with a satellite training facility in Hanford. All sites are authorized by BPPVE as locations where SJTI is permitted to provide training.

Based on information from several casinos in California's Central Valley, officials of San Joaquin Training Institute have determined that there is a significant demand for employees trained in specific skills required of the Casino Dealer occupation. SJTI is proposing to train 125 unemployed individuals and place them as full-time year-round Casino Dealers employed in Indian casinos located in the San Joaquin Valley.

Marketing Plan for Recruitment of Employers: Officials of San Joaquin Training Institute (SJTI) first conceived of the proposed training project when a local employer approached the Institute to develop a training program to fill Casino Dealer positions that have resulted from the recent construction of casinos on Indian lands in California. As a result, SJTI officials have developed a list of casinos in the Central Valley that are potential employers of Institute graduates. SJTI officials have contacted personnel at the targeted casinos, scheduled and attended meeting with these individuals to discuss employment needs, and requested and obtained written support from the casinos for hiring graduates from the Institute's planned casino dealer training program. SJTI officials plan to continue these marketing efforts in order to ascertain if additional casinos are interested in hiring Institute graduates.

Eligibility of Participating Employers: All of the core employers contribute regular unemployment insurance premiums to the California Employment Development Department (EDD), and are, therefore, eligible to participate in an ETP-funded new-hire project.

Employer Demand: SJTI has sought and obtained feedback from officials at area casinos stating that over the next 18 months, significant growth is projected in the table gaming area. One of the larger casinos took the initiative when it contacted SJTI and proposed a partnership that would begin to satisfy

NARRATIVE: (continued)

current employer demand by providing graduates of a dealer training program as potential new employees. SJTI's current proposal concentrates on curriculum modules that reflect the biggest demand among the core group of employers. Currently, based on their canvassing of casinos, SJTI officials have determined that approximately 670 Casino Dealer positions will be created in 2003 among casinos operating or under construction in the Institute's service area, generally between Modesto and Bakersfield in the Central Valley.

SJTI has provided a list of its core group of participating employers, consisting of a three (3) eligible area Casinos, which together would hire a total of 145 Casino Dealers who would have received the training provided under this proposal.

Method of Assessing Training Needs; Employer Participation in Curriculum Development; Continuous Employer Feedback: Table game directors at casinos in the southern San Joaquin Valley were contacted to determine their current and projected employee training needs. According to SJTI officials, all directors were concerned with the lack of qualified local applicants. The curriculum included in the accompanying application, including the number of hours, has been developed by qualified personnel at casinos in SJTI's service area. The customized curriculum was developed to meet the expanding employment needs for skilled dealers of the following: Blackjack, Poker, and Pai Gow Poker. Each participating employers has agreed to serve as a member of an advisory board, that will review the curriculum and recommend any changes, in order to ensure favorable outcomes that will meet employment needs. The advisory board will meet biannually.

Supplemental Nature of Training

The participating employers in the core group do not currently provide the training contained in the curriculum included in this training proposal. Currently, Club One Casino, a California cardroom has no formal training program. Eagle Mountain Casino provides approximately two to three weeks of on-the-job training in company procedures, philosophy, and written tests. The average training length is 160 hours for Blackjack and Poker and 120-240 hours for Pai Gow Poker. The Chukchansi Gold Resort and Casino is presently providing training for start-up purposes for their business that is set to open to the public on June 25, 2003. Chukchansi does not intend to continue this an on-going training practice. Furthermore, the proposed applicant contends that the core employers are unable logistically to provide the extent and depth of training that will be provided – i.e., 100 hours classroom/laboratory training in each of the three skill areas represented in the curriculum.

In-Kind Contribution

The grand total estimated applicant and employer contribution for this project is \$224,156, as follows:

Wages and benefits for trainees and trainers to be paid during on-site training after hire during the retention period	\$199,281
Costs of project development and training needs assessments	11,000
Training materials consisting of books and supplies	<u>13,875</u>
Total	\$224,156

COMMENTS: (continued)

California Assembly member Sarah Reyes, 31st Assembly District and Chair of the Assembly Committee on Jobs, Economic Development and the Economy, has written a letter of support for this proposal, dated January 27, 2003.

Training in High Unemployment Areas of California

California's Unemployment Insurance Code, Section 10201.5, gives the Employment Training Panel the authority to waive the ETP minimum wage requirements for "workers in regions suffering from high unemployment and low job creation." The training in this proposal is for jobs created in Fresno, Kings, and Tulare Counties, which have significantly higher unemployment rates than the state average. Based on Employment Development Department (EDD) figures of February 2003, the unemployment rates in these three counties are 17.0 percent, 17.9 percent, and 18.1 percent, respectively. The statewide rate is 7.0 percent.

San Joaquin Training Institute (SJTI) is requesting a waiver of the ETP new-hire minimum wage of \$8.98 to \$6.75 per hour for Fresno, Kings, and Tulare Counties. SJTI officials have stated that Casino Dealers, in addition to their base wages, should expect tips from casino customers equal to or surpassing their base wage, in effect doubling their wages (to approximately \$14.25 per hour). For instance, SJTI states that Club One Casino "manages, reports to the IRS, and disperses these monies [tips] to the employee" and thus believes they should be counted as part of their total hourly wages. However, these tips, by ETP policy, cannot be included in the wage calculation for purposes of this application since they are voluntarily given by individual customers.

Staff have the following concerns regarding this proposal:

- 1) UI Code, Section 10200 (a) (1) requires that ETP funds "Foster job creation of high-wage, high-skilled jobs..." This training proposal would be the first ETP-funded proposal for training (of Casino Dealers) in the casino industry. Trainees who successfully complete the proposed training with SJTI will be hired for employment at the state minimum wage of \$6.75 per hour. Since tips cannot be included for ETP purposes, this wage would not qualify as a "high-wage" job.
- 2) UI Code, Section 10200 (a) (3) requires that ETP only fund projects that result in secure employment. SJTI officials state that both Club One Casino and Eagle Mountain Casino had turnover of less than 20 percent in 2002; while the third core employer, Chukchansi Gold Resort and Casino has not yet opened to the public. However, The Sacramento Bee reported in their March 16, 2003 article that "Turnover in California tribal casinos is high, and wages, especially for non-dealer jobs, are generally low." Also, Chukchansi Gold Resort and Casino, does not have a demonstrated track record of hiring, training, and retaining individuals in employment.
- 3) UI Code, Section 10200 (a) (4) requires that ETP funds "Supplement, rather than displace, funds available through existing programs conducted by employers...". Though SJTI states that the core group of employers cannot provide the extent and depth of training that will be provided in this proposal, other employers in this industry have provided Casino Dealer training at their own cost. As reported in The Sacramento Bee, March 16, 2003, "Unlike normal dealer training courses, where students spend as much as \$600 to earn a graduation certificate, Thunder Valley [Station Casino] is picking up the training tab." Also, other casinos have been known to send new recruits to a 2-week dealer school prior to working on the casino floor.

COMMENTS: (continued)

- 4) Two out of the three proposed participating employers are casinos located on Indian land or trust land, which entitles them to have sovereign immunity. The Chukchansi Gold Resort and Casino is located on trust land which is Indian property held by the U.S. Department of the Interior for a tribe's benefit; while the Eagle Mountain Casino is located on land belonging to the Tule River Indian Tribe.

Though these two participating employers would benefit from ETP funding, they are not normally subject to California laws due to their sovereign status.

- 5) Club One Casino, Incorporated, currently requires that all prospective employees, prior to hire, pay \$147 to the City of Fresno to perform fingerprinting, photographs, and a background check by the Fresno Police Department. Staff was unable to determine if Club One Casino would require this fee of ETP trainees prior to securing their employment.

PROPOSED ACTION:

Staff recommends that the Panel deny this funding application, due to the following factors:

- The base wages for trainees after the retention period are at the state minimum wage level of \$6.75 per hour;
- Trainees will be placed with employers in an industry with a traditionally high annual employee turnover;
- Sovereign status for two of the three core employers, which are Indian casinos not subject to California law.

TRAINING PLAN:

Job Number / Trainee Type	Types of Training	Number to Retain	Number Class/Lab Videocnf. Hrs.	Number CBT Hrs	Number SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 New Hire	Blackjack Dealer Training	100	100	0	0	\$1,596	\$6.75-\$14.25
Job 2 New Hire	Poker Dealer Training	15	100	0	0	\$1,596	\$6.75-\$14.25
Job 3 New Hire	Pai Gow Dealer Training	10	100	0	0	\$1,596	\$6.75-\$14.25
					<u>Range of Hourly Wages</u> \$6.75-\$14.25		
					<u>Prevalent Hourly Wage</u> \$6.75		
					<u>Average Cost per Trainee</u> \$1,596		
					<u>% of Mgrs & Supervisors to be trained:</u> N/A		
<u>Health Benefit used to meet ETP minimum wage:</u> N/A					<u>Turnover Rate</u> Shall not exceed 20% annually.		

San Joaquin Training Institute

CURRICULUM

Class/Lab
100 Hours

Job 1 – Casino Dealer – Black Jack

CGB 110: Casino Gaming – Blackjack I

Overview

Principles, Procedures and Rules

Dealing Mechanics

Chip Handling

Blackjack Layout Techniques

Casino Terminology

Probabilities

Theoretical Formulas

CGB 210: Casino Gaming – Blackjack II

Blackjack Dealing Techniques

Shoe and Card Placements

Pay and Take Procedures

Fixed Breaks

Dealer Rotations

CGB 310: Casino Gaming – Blackjack III

Introduction to Three Card Poker

Skill Labs

Proper Chip Handling

Single and Multi Deck Shuffling Techniques

Chip Fill

Credit Procedures

CPP 110: Casino Policies and Procedures

Casino Policies

Dealer Procedures and Etiquette

Pit Procedures and Etiquette

Game Protection Procedures

GRC 100: Guest Relations and Customer Service

Basic Hospitality Concepts

Current Hospitality Trends

Customer Service Skills

Guest / Customer Expectations

Customer Satisfaction / Dissatisfaction

Guest / Customer Retention

Creating a Guest / Customer Service System

San Joaquin Training Institute
CURRICULUM (continued)

Class/Lab
100 Hours

Job 2 – Casino Dealer – Poker

CGP 110: Casino Gaming – Poker I

Overview
Principles, Procedures and Rules
Dealing Mechanics
Chip Handling
Poker Layout Techniques
Casino Terminology
Probabilities
Theoretical Formulas

CGP 210: Casino Gaming – Poker II

Poker Dealing Techniques
Skill Labs Practice
Pay and Take Procedures
Fixed Breaks
Dealer Rotations

CGP 310: Casino Gaming – Poker III

Introduction to Omaha and Omaha 8
Skill Labs Practice
Proper Chip Handling
Single Deck Shuffling Techniques
Chip Fill
Credit Procedures

CPP 110: Casino Policies and Procedures

Casino Policies
Dealer Procedures and Etiquette
Pit Procedures and Etiquette
Game Protection Procedures

GRC 100: Guest Relations and Customer Service

Basic Hospitality Concepts
Current Hospitality Trends
Customer Service Skills
Guest / Customer Expectations
Customer Satisfaction / Dissatisfaction
Guest / Customer Retention
Creating a Guest / Customer Service System

San Joaquin Training Institute
CURRICULUM (continued)

Class/Lab
100 Hours

Job 3 – Casino Dealer – Pai Gow

CGPG 110: Casino Gaming – Pai Gow I

Overview
Basic Pai Gow Procedures and Rules
Dealing Mechanics
Chip Handling
Pai Gow Layout Techniques
Casino Terminology
Probabilities
Theoretical Formulas

CGPG 210: Casino Gaming – Pai Gow II

Pai Gow Dealing Techniques
Dealing from a Shoe
Dealing by Hand
Pay and Take Procedures
Fixed Breaks
Dealer Rotations

CGPG 310: Casino Gaming – Pai Gow III

Rules and Procedures of Pai Gow
Skill Labs Practice
Proper Chip Handling
Single and Multi Deck Shuffling Techniques
Chip Fill
Credit Procedures

CPP 110: Casino Policies and Procedures

Casino Policies
Dealer Procedures and Etiquette
Pit Procedures and Etiquette
Game Protection Procedures

GRC 100: Guest Relations and Customer Service

Basic Hospitality Concepts
Current Hospitality Trends
Customer Service Skills
Guest / Customer Expectations
Customer Satisfaction / Dissatisfaction
Guest / Customer Retention
Creating a Guest / Customer Service System

**Participating Employers in Retrainee/New Hire
Multiple Employer Contracts**

Contractor's Name: San Joaquin Training Institute
Reference No: 03-0198

CCG No.: ET03-0321
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PRINT OR TYPE

Company: Chukchansi Gold Resort & Casino

Address: 114 South A Street

City, State, Zip: Madera, CA 93638

Contact Person/Title: Diane Stone, VP Human Services

Telephone No.: (559) 661-3033

Collective Bargaining Agreement(s): None

Estimated # of employees to be retrained or hired under this Agreement: 100

Total # of full-time company employees worldwide: 1200 (by 6/03)

Total # of full-time company employees in California: 1200 (by 6/03)

Company: Club One Casino

Address: 1033 Van Ness Avenue

City, State, Zip: Fresno, CA 93721

Contact Person/Title: Indy Turner, Casino Manager

Telephone No.: (559) 498-3025

Collective Bargaining Agreement(s): None

Estimated # of employees to be retrained or hired under this Agreement: 25

Total # of full-time company employees worldwide: 270

Total # of full-time company employees in California: 270

Company: Eagle Mountain Casino

Address: 681 South Tule Road

City, State, Zip: Porterville, CA 93258

Contact Person/Title: Art Navarro, Assistant General Manager

Telephone No.: (559) 788-6220

Collective Bargaining Agreement(s): None

Estimated # of employees to be retrained or hired under this Agreement: 20

Total # of full-time company employees worldwide: 460

Total # of full-time company employees in California: 460